

ABSTRACT OF THE DISCLOSURE

A computer system for developing what the cost of a part ought to be. The system is based upon the assumption that the firm seeking to have a part manufactured for it is a world-class competitor and, thus, in order to maintain this status, it must purchase parts from suppliers who are also world-class competitors. The oughta cost of the part assumes that the best manufacturing practices will be used, the best design, manufacturing practices, supply chain management techniques, labor rates, uptimes and yields will be employed and the selected supplier will continue to push itself to be the best in its industry. The system can generate very detailed reports showing how the ought-to-be cost was determined. These reports will be used in open fact driven discussions with the supplier and the traditional method of requesting quotes, factor cost analysis and target costing will be eliminated. Once the purchaser and supplier have reached an agreement on what the cost of a component or process ought to be an agreement on price that enable both to prosper as world class concerns becomes an easy step because both have the mutual incentive to be and partner with world class organizations.